

August 30, 2013

To: Executive Board

Subject: **FY 2013 Financial Statements and Investment Summary**

Recommendation

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2013.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the fiscal year ending June 30, 2013.

Foothill Transit's cash position of \$76.2 million is \$1.5 million more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include \$460,000 capital expenditures exceeding capital revenues, a decrease in accounts payable of \$1.18 million, and an increase in prepaid expenses \$156,000. Sources of cash includes a decrease in amounts due from other governments \$2.27 million, and a decrease in accounts receivable \$1.06 million.

June 2013 fare revenues were \$1.6 million, which is \$112,000 or 7.2 percent more than the monthly budgeted amount and \$125,000 more than the previous month. While revenues are more than the amounts budgeted and more than the previous month, the FY 2013 monthly average is slightly less (0.25 percent) than the previous year's monthly average. In part, the variation can be attributed to the timing of receipt of various fare revenues. Overall, this is a continuation of the trend established in the prior fiscal year with revenues neither increasing nor decreasing. While increasing sales tax revenues appear to be a signal that the economy is beginning to show signs of improvement, unemployment remains constant at approximately eight percent.

Operating costs through June were \$63.2 million, which is \$6.4 million less than the budget. These costs are \$1.6 million or 2.5 percent more than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):**Assets**

The balance sheet as of June 30, 2013 shows total assets at \$234.4 million. This total consists primarily of \$148.9 million in fixed assets and \$76.2 million in cash and investments. The cash and investments balance includes \$10.0 million invested in the Local Agency Investment Fund (LAIF); \$30.2 million in non-interest bearing accounts held with Bank of the West; \$22.1 million in an interest bearing account with Bank of the West; \$5.0 million with Chase; \$4.0 million with Bank of the West and \$2.7 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of June 2013 was 0.24 percent; slightly less than the previous month's rate of 0.245 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than four years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

Liabilities

The accounts payable balance is \$7.3 million. The amounts payable include \$5.3 million due First Transit for May and June service; fuel costs of \$544,000; Monrovia Dial-A-Ride service of \$105,000 and \$973,000 for capital projects.

Operating Revenue and Expense Analysis (Attachment C):**Fare Revenue**

June 2013 fare revenues were \$1.6 million. As previously stated, the June revenues are \$125,000 more than the previous month. The FY 2013 revenue amounts are 0.04 percent less than the budget, and \$46,000 or 0.2 percent less than the previous year. The FY 2013 monthly average revenue is 0.77 percent less than the previous fiscal year average.

Fiscal year revenues were very close to prior year amounts indicating stable ridership and an economy that is neither improving nor weakening. This may be the case even though recent indicators have indicated everything but a stable economy.

Executive Board Meeting – 08/30/13
FY 2013 Financial Statements and Investment Summary
Page 3

State and Local Funding Subsidies of \$53.3 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately two percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

Expenses

FY 2013 operating expenses were \$63.2 million, which is 2.6 percent higher than the FY 2012 operating budget of \$61.6 million. FY 2013 operating expenses were lower than the FY 2013 budget by \$6.4 million as a result of a 9.24 percent savings on service and fuel costs with the balance spread over several departments and not attributable to any one account.

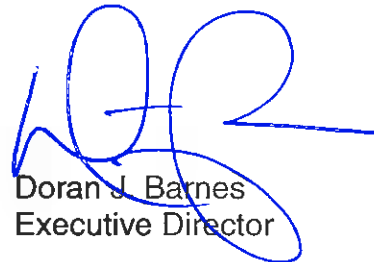
Farebox Recovery Ratio

The FY 2013 farebox recovery ratio was 29.16 percent; 8.21 percent more than the performance target of 26.76 percent. The farebox recovery ratio was derived by dividing the total fare revenue of \$18,441,434 (excluding the prior year EZ transit pass revenue) by the total operating expense figure of \$63,252,819. This ratio has increased 1.5 percent from the May 2013 figure of 28.73 percent.

Sincerely,



Gil Victorio
Interim Finance Director



Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of June 30, 2013

Assets

Current Assets:

Cash	\$ 52,355,683
Investments	23,827,326
Due from government agencies	5,231,772
Other receivables	1,755,812
Other assets	2,321,710
Total Current Assets	<u>85,492,303</u>
Property & Equipment (net of depreciation)	148,897,686
Total Assets	<u><u>\$ 234,389,989</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 8,428,091
Current portion of long term debt	0
Deferred Revenue	<u>44,026,098</u>
Total Liabilities	<u>52,454,189</u>

Equity

Fund Balance:	
Investment in Capital Assets	148,897,686
Current Year Change	8,488,106
Surplus	<u>24,550,008</u>
Total Equity	
Total Liabilities and Equity	<u><u>\$ 234,389,989</u></u>

**Summary of Cash and
Investment Account
For June 30, 2013**

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	19,250,335	19,250,335
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	10,963,029	10,963,029
Bank of the West-Money Market	0.100%	Demand Deposit	7,012,935	7,012,935
Bank of the West-Money Market	0.050%	Demand Deposit	4,917,705	4,917,705
Bank of the West-Money Market	0.250%	Demand Deposit	9,554,630	9,554,630
Bank of the West-CTAF ³ Fund	0.100%	Demand Deposit	655,149	655,149
Bank of the West-Money Market	0.250%	Demand Deposit		
Subtotal Cash on Hand			<u>52,355,683</u>	<u>52,355,683</u>
Unrestricted Investments:				
Chase Business Saving	0.200%	Demand Deposit	5,047,517	5,047,517
Bank of the West-CDARS	Var	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	Var	Cert. of Deposit	2,739,000	2,739,000
Treasury Bills			1,997,978	1,997,978
LAIF Investment	0.245%	Demand Deposit	10,042,831	10,042,831
Subtotal Unrestricted Investments			<u>23,827,326</u>	<u>23,827,326</u>
Total Cash and Investments			<u><u>76,183,009</u></u>	<u><u>76,183,009</u></u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended June 30, 2013

	Actual June-13	Budget June -13	Variance Favorable (Unfavorable)	Actual June - 12
Operating Revenue				
Farebox	\$10,885,441	\$12,540,000	(13.19%)	\$11,322,387
Pass Sales	3,256,125	2,844,500	14.47%	3,202,801
TAP Cash Purse	2,335,453	1,522,200	53.43%	2,293,718
MetroLink & Access Service	508,030	28,400	1688.84%	72,260
EZ Transit Pass	1,456,385	1,514,500	(3.84%)	1,596,360
Total Operating Revenue	18,441,434	18,449,600	(0.04%)	18,487,526
Non-Operating Revenue				
Transportation Development Act (TDA)	17,441,218	17,254,600	1.08%	17,433,551
STA	4,890,137	4,060,100	20.44%	3,295,652
Prop A 40% Discretionary	13,026,271	13,026,300	(0.00%)	13,414,216
Prop A 40% BSCP	4,011,067	4,722,500	(15.06%)	3,796,788
Prop C BSIP	844,426	844,400	0.00%	826,733
Prop C Base Restructuring	1,813,737	1,813,700	0.00%	1,775,736
Prop C Transit Service Expansion	302,245	302,200	0.01%	295,912
Prop A & C Interest				
Transit Security-Operating	708,594	711,500	(0.41%)	617,658
Measure R Operating	7,886,309	7,082,500	11.35%	8,779,338
FTA Sec 5307 Operating				761,015
CMAQ Operating	506,488	1,000,000	(49.35%)	
Gain on Sale of Fixed Assets	320,719			3,154
Auxiliary Revenue	1,610,723	1,500,000	7.38%	1,634,876
Total Non-Operating Revenue	53,361,934	52,317,800	2.00%	52,634,629
Total Revenue	71,803,368	70,767,400	1.46%	71,122,155
Available Capital Funding				
Capital Grants	16,494,432			17,231,368
Other				
Total Revenue and Capital Funding	88,297,800	70,767,400		88,353,523
OPERATING EXPENSES				
Operations	52,670,163	57,708,500	8.73%	51,707,219
Marketing and Communications	1,551,959	1,797,900	13.68%	1,394,162
Information Technology	1,580,333	1,605,900	1.59%	1,379,715
Administration	1,944,579	1,929,400	(0.79%)	1,602,380
Procurement	652,296	866,800	24.75%	805,176
Sales and Service	1,800,556	1,847,200	2.53%	1,735,282
Finance	1,202,834	1,303,200	7.70%	1,223,997
Safety and Security	573,318	945,900	39.39%	665,912
Planning	602,283	951,200	36.68%	541,960
Building Management	674,498	736,400	8.41%	598,739
Total Operating Expenses	63,252,819	69,692,400	9.24%	61,654,542
Capital and Other Expenses				
Capital	15,661,498		N/A	17,018,402
Interest			N/A	
Dial-A-Ride	702,729		N/A	718,033
Special Services	168,930		N/A	131,384
Other Misc. expense	23,717		N/A	99,694
Total Capital and Other Expenditures	16,556,875		N/A	17,967,513
Increase (Decrease) of Revenues Over Expenditures	\$ 8,488,106			\$ 8,731,468